

VZCZCXR06966  
RR RUEHJO  
DE RUEHSA #0842/01 1181501  
ZNR UUUUU ZZH  
R 281501Z APR 09ZDF  
FM AMEMBASSY PRETORIA  
TO RUEHC/SECSTATE WASHDC 8277  
INFO RUCPDC/DEPT OF COMMERCE WASHDC  
RHEBAAA/DEPT OF ENERGY WASHINGTON DC  
RUEHC/DEPT OF LABOR WASHDC  
RUEHAK/AMEMBASSY ANKARA 0227  
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UNCLAS SECTION 01 OF 02 PRETORIA 000842

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E.O. 12958: N/A  
TAGS: EMIN ELAB PGOV KDEM SF  
SUBJECT: MINING FOR VOTES IN THE FREE STATE

REF: 08 Pretoria 565

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¶1. (SBU) Summary: South Africa's Free State Province once ranked among the world's greatest producers of gold, rivaling the gold deposits west of Johannesburg. The Free State's high-grade deposits have been mined out to a great extent, leading to long-term decline in production and jobs in and around the gold district center of Welkom. The planned city of Welkom is left with many derelict tailings dumps and mine shaft headgears, emblematic of the economic strain. Major local miner Gold Fields was unsuccessful in negotiating with the mining union on maintaining production on the April 22 election day, despite setting up two polling stations on the mine site. Polling stations exhibited strong turn-outs and smooth voting, despite cold weather. End Summary.

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Free State Gold Fields - Long Term Decline  
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¶2. (SBU) Minerals/Energy Officer and Specialist visited major producer Gold Fields' Beatrix Mine south of Welkom in the Free State Province on April 21. Acting Mine Operations Manager Sias Botha hosted a visit to some of the Number 3 shaft underground facilities, including water "settling" and recycling facilities and ore loading and tipping facilities below- and above-ground. Beatrix processes gold ore from 500-2,200 meters underground from four shafts. The mine's special challenges are to mine and process low-grade gold ore (4 grams per ton) and to contend with high methane emissions. They are aiming to tender for a company to process the methane for energy production. Beatrix employs almost 12,000 workers, including contractors, of which about half are foreigners from Lesotho and Mozambique. The mining pidgin language Fanagalo is the lingua franca. Mine management estimates HIV prevalence to be 25-30 percent.

¶3. (SBU) The Welkom area comprises a southern extension of the world-renowned Witwatersrand deposit first discovered near

Johannesburg in 1886. The Free State gold fields were discovered in 1946 and Welkom was a planned city based on gold-mining. The Free State gold fields flourished for forty years. A mining pump supplier (and DA polling party agent) told Minerals Officer that in its glory days, "Welkom supplied one quarter of the free world's gold." Economic deposits have slowly depleted over recent years, leading to mine consolidation and closures. The Embassy's Minerals Specialist worked for one of the early mines in Welkom, St Helena, in the 1960's, but the mine is now closed and the associated Welkom neighborhood where he lived appeared in decay. The Embassy team observed many unrehabilitated tailing dumps, one generating a dismal dust storm north of town. There were many derelict mine shaft headgear towers in and around Welkom. Interlocutors were generally cautiously optimistic about Welkom, but admitted that the municipal government was not planning adequately for sustainable diversification. Nevertheless, the central business district appeared reasonably vibrant and clean.

¶4. (SBU) Gold Fields and Harmony Gold are still successfully operating a number of mines in the area, so some reduced level of gold-mining is likely to be sustained. Many Welkom interlocutors expressed concern about the independent, "black-empowered" Pamodzi President Steyn mines which comprise part of a troubled, provisional liquidation. The potential liquidation also involves their Orkney mine in the adjacent Northwest Province. These interlocutors were moderately optimistic that new capital would be sourced to keep the threatened mine and associated employment in operation. Gold mining is slowly declining throughout South Africa because of the problems of depletion of economically mineable resources, deeper mining, power shortages, safety concerns, and government regulation. But, most gold analysts are bullish on gold prices - which have not suffered in the global downturn - and are expected to rise over the

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coming year.

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Union Forces Gold Fields to Stop  
Production on Election Day  
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¶5. (SBU) Gold Fields Beatrix Mine Manager - Mine Planning and Resource Management - Gerhard Becker told the Embassy team that the mine had gained preliminary approval from local National Union of Mineworkers (NUM) officials to maintain production on Election Day by establishing two on-site poll stations. Local union officials subsequently succumbed to pressure from the Congress of South African Trade Unions (COSATU) to have April 22 declared a general non-trading public holiday (although rejected by the ANC government). Despite mine management's earlier negotiated arrangements, members were barred from work, effectively shutting down the mine on Election Day, as occurred generally at mines nation-wide. Mine management anticipated that 80 percent of staff would have come to work, happy to earn time-and-a-half holiday pay. The Embassy team visited the polling station at the Beatrix Number 4 shaft staff housing hostels. At mid-morning there was a calm queue of 150 male miners. The female Presiding Officer told Minerals Officer there were 1,200 registered voters, of which more than one-quarter had voted by that time. The polling station met the same standards as others observed in and around Welkom. National media SABC reported that at the other Beatrix polling station, the tent serving as the polling station had blown down in the previous night's high winds. The IEC had reportedly scrambled to put it back up and have everything ready for the 7:00am opening. The presiding officers at two nearby rural polling stations (one farm garage and one tent) said the mining company had assisted with transport for voters.

¶6. (SBU) Comment: The Embassy team was struck by the apparent normalcy of black and white voters calmly queuing and voting together in and around Welkom. Voters, poll officials, and party representatives prosecuted the voting process with good humor and grace, both in the all-black Thabong township and in mixed Welkom proper precincts. Eight out of nine polling stations visited had

female presiding officers. Early turn-out was high despite frigid temperatures. The team noticed no significant problems. Welkom transitioned and integrated since 1994 under considerable economic strain and it was inspirational to witness democracy on display in this corner of post-apartheid South Africa.

La Lime